

**Best Diamond Funding - Questions and Answers about Loss Calculations - 9/30/2010**

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| <p><b>I instructed Best Diamond (“BDF”) to “roll over” my monthly “interest” payment into a new investment with BDF. How does the Proposed Loss Amount take the rolled over investment into account?</b></p> | <p>BDF was a Ponzi scheme. The “interest” BDF paid you on its “contracts” was fictitious - it was either your own investment principal paid back to you, or it was other investors’ money. Therefore, “roll over” investments using fictitious interest are not counted as “money in” to BDF for the Proposed Loss Amount. Only payments of outside liquid funds are counted as “money in.” And only BDF’s payments of liquid funds out to investors are counted as “money out.”</p> |
| <p><b>I have a civil judgment against BDF and/or Retana. Will the government give me priority over other investors when it comes to distribution?</b></p>  | <p>The government will not give priority to any investor based on a judgment. Investors will be treated equally according to whether or not they suffered “actual pecuniary loss” as defined in the Order appointing the Special Master.</p>   |
| <p><b>I am in severe financial difficulty. Could I receive an early distribution from the seized money?</b></p> <p><b>When will the seized money be distributed?</b></p>                                     | <p>We know many of the investors are suffering. Currently, there is no authority to conduct an early distribution. After the Special Master analyzes the responses to this mailing that are returned by 11/5/2010, we will determine whether it is possible to ask the court for permission to make early distributions.</p> <p>We are unable to estimate the date for distributions until we know how many investors accept the Proposed Loss Amounts.</p>                          |
| <p><b>I incurred legal and other expenses relating to my BDF investment [or, I loaned money to Milton Retana/BDF]. Can these amounts be added to my losses?</b></p>  | <p>Not for purposes of the seized asset distribution. Only the liquid money you invested in BDF is considered “money in.”</p>  |
| <p><b>I know someone who invested in BDF, but they did not receive anything mailed on 9/30/2010 from the Special Master or the government. What can they do?</b></p>   | <p>Please have the person contact the Special Master in writing at the following address: Special Master of Best Diamond Funding c/o Robb Evans and Associates, LLC; 11450 Sheldon Street; Sun Valley, California 91352-1121; Bestdiamond@robbevans.com.</p>   |
| <p><b>What is the current estimated total combined loss for all investors?</b></p>   | <p>Excluding all investors who were overpaid (that is, they received more money in liquid funds from BDF than they paid BDF in liquid funds), the current estimate of the total combined loss is \$?????. This number may change after the Special Master reviews the responses to this mailing.</p>   |
| <p><b>Were any of the investors overpaid/ did any make a profit?</b></p>   | <p>Yes. By our calculations, an investor is “overpaid” if he received more money from BDF than he paid BDF. There are several overpaid investors. For those overpaid investors who were mailed a NOTICE TO INVESTOR from the Special Master on 9/30/2010, the Proposed Loss Amount on their form is “\$0.” The government intends to seek to block the distribution of seized assets to overpaid investors.</p>  |
| <p><b>Why have you sent me all these court papers?</b></p>   | <p>You do not need to come to court or file anything with the court to receive an offer for distribution of a pro-rata share of the seized funds. If you want to come to court, you can, but we encourage you to try Option B first (see accompanying letter from the USAO) . The government believes that it needs to send you the court information to give proper notice of the court cases.</p>  |